United Nations A/72/7/Add.8

General Assembly

Distr.: General
3 November 2017

Original: English

Seventy-second session
Agenda item 136
Proposed programme budget for the biennium 2018–2019

Proposal for the renovation of the North Building at the headquarters of the Economic Commission for Latin America and the Caribbean

Ninth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposal for the renovation of the North Building at the headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC), in Santiago (A/72/367). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 26 October 2017.

2. The renovation of the North Building is one of the near-term major construction projects identified in the report of the Secretary-General on the strategic capital review.[1] Following the earthquake that occurred in Chile in 2010, ECLAC, in its seismic resistance assessment of the compound's buildings, concluded that the North Building, which was constructed as a temporary structure in 1989, was in need of mitigation measures (see A/72/367, paras. 1–6 and 22). In the present report, the Advisory Committee addresses the aforementioned assessment, the proposed mitigation strategies, cost implications and other related matters, including staffing, as put forth by the Secretary-General.

[1] The Advisory Committee has provided related observations and recommendations in its most recent reports on the strategic capital review (A/72/7/Add.9 and A/70/7/Add.43).

Please recycle

II. Proposed strategies for the renovation of the North Building

Assessment

3. Details of the assessment of the existing conditions of the North Building are covered in paragraphs 7–17 and 22 of the report of the Secretary-General. The purpose of the assessment was to establish the condition of the building and its infrastructure components and to identify the works needed to upgrade the facilities in line with United Nations standards and industry codes. The assessment concluded that many of the main components of the North Building had little or no remaining useful life and required urgent attention. A number of concerns were highlighted, inter alia: (a) the heavyweight metal ceilings are not compliant with seismic codes; (b) the electrical wiring is outdated and unsafe; (c) energy consumption is high because of the poor building envelope and roof insulation and an underperforming heating, ventilating and air-conditioning (HVAC) system, which also results in unhealthy indoor air quality; and (d) the building does not comply with accessibility standards for persons with disabilities.

Proposed strategies

4. Paragraphs 18–50 of the report of the Secretary-General describe the following two proposed project strategies for the North Building:

(a) Strategy 1, the so-called programmed multiple intervention strategy, a three-phased approach consisting of multiple renovations and repairs ending in 2028, under which a major intervention would be postponed to that year. The long-term cumulative cost of ownership would amount to $32.0 million (inclusive of the cost of renting office space until 2038 following the end of the building's useful life in 2028); this amount includes total estimated construction costs of $16.254 million;

(b) Strategy 2, the so-called complete building renovation strategy, which is a one-time complete sustainable building renovation, from 2018 to 2020, resulting in a "net-zero" building classification. The long-term cumulative cost of ownership would amount to $18.185 million, which includes total estimated construction costs of $14.118 million (inclusive of escalation and contingency costs) and maintenance costs of $2.825 million until 2038, the anticipated end of the renovated building's useful life. Under strategy 2, two swing space options are proposed to accommodate 66 staff (of a total of 166, with 100 to be accommodated elsewhere in the compound) who cannot be housed in existing locations in the compound during construction, as follows:

(i) Option 1: staff would be accommodated in temporary prefabricated modules on the ECLAC compound. The estimated cost of setting up, maintaining and dismantling the modules would amount to $90,800 for 24 months;

(ii) Option 2: staff would be accommodated in nearby commercial office space at an estimated total cost of $349,060 ($184,060 in rental costs for a period of 24 months and a one-time cost of $165,000 to set up the office space).

5. The Secretary-General proposes the implementation of strategy 2, option 1, stating that a one-time whole-building renovation costing $18.185 million would be more cost-effective than, in comparison, the piecemeal approach under strategy 1, with a final estimated cost of $31.983 million. Also, with respect to the proposed swing space under strategy 2, option 1, the report points to several advantages for accommodating staff using on-site swing space, including: (a) a minimal security risk; (b) no dependence on external maintenance and support; (c) use of existing

facilities, including those pertaining to communications and Internet service; and (d) the application of lessons learned from the construction of a temporary office building on the ECLAC compound following the 2010 earthquake.

6. Upon enquiry, the Advisory Committee was informed that under strategy 2, the North Building would undergo a "gut renovation", with only the foundation and superstructure to remain and all other building system components, such as electrical, mechanical, plumbing and low-voltage systems, to be replaced. Upon enquiry, the Committee was furthermore informed that no other options had been included in the proposal and that, in particular, a hybrid approach had not been deemed possible, as strategy 2, the complete building renovation, would comprehensively resolve the building's deficiencies, while strategy 1, the programmed multiple intervention strategy, would address the same issues at a higher cost, and eventually result in a shorter useful life of the building. In addition, the approach under strategy 2 would transform the North Building, which was constructed as a temporary building, into a permanent structure.

Project timeline for strategy 2, option 1

7. The six phases of the project plan and related schedules pertaining to strategy 2, option 1, are described in paragraph 44 and table 3 of the report of the Secretary-General, and are summarized in table 1 below.

Table 1
Project schedule

Planned timeline	*Phase*	*Planned activity*
2017	Pre-planning	Costing, feasibility study, preliminary design and investigation activities; this phase has been initiated
2018	Planning	Recruitment of a project team and preparation of the scope of work and tender documents for the design phase
2019	Design	Completion of a structural design proposal and associated specialty contract specifications for the tender phase
2020	Tender	Preparation of bidding documents, technical specifications and design material
2021–2022	Construction	Relocation of staff to the temporary swing space, dismantling and demolition, construction, installation testing, commissioning and handover of the renovated facility
2023	Close-out	Relocation of staff to the new building and initiation of the defects and liability period

III. Project cost estimates and scope

8. In the report of the Secretary-General, the cost estimates for strategy 1 are set out in table 1, for strategy 2 in table 2 and for strategy 2, option 1, in annex II. Upon enquiry, the Advisory Committee was provided with breakdowns of the cost estimates to 2023 pertaining to strategy 2, option 1, amounting to $14.118 million for an on-site temporary building, and for strategy 2, option 2, amounting to $14.422 million for off-site office rental (see annex below).

Estimated renovation costs

9. The Advisory Committee recalls that, in the context of its previous report on the strategic capital review, it was informed that the estimated costs for the North Building would amount to $7.1 million, significantly lower than the present cost estimates (see A/70/7/Add.43, annex I). Upon enquiry, the Committee was informed that the previous estimate took into account mainly the cost of successive upgrading and repair projects required to bring the North Building up to minimum safety standards, but that it was subsequently found that the useful life of the building would not thereby be significantly extended. The Committee was furthermore informed that the estimated costs presented at that time pertained to trade costs and consultancy fees for engineering and for design for the needed work but did not include costs pertaining to pre-planning and planning or to costs in connection with project and risk management, escalation and contingencies, energy-producing technology or insulation features, such as the installation of fire-retardant material, smoke detectors and additional egress routes. **The Committee points out that the earlier cost estimates under the strategic capital review were based on upgrading and repairing the North Building, an approach similar to that proposed under strategy 1, whereby related costs were estimated at $16.254 million, or 128 per cent higher than the earlier estimate (see para. 4 above).**

10. The Advisory Committee notes furthermore that under the strategic capital review, maintenance costs were estimated at $3.83 million (preventive approach) or $6.27 million (reactive approach) (ibid., annex III). In comparison, maintenance costs are estimated at $2.712 million for strategy 1 for the period 2027–2038 (A/72/367, table 1) and at $2.825 million for strategy 2 for the period 2024–2038 (ibid., table 2). Upon enquiry, the Committee was informed that the initial cost estimate provided in the context of its report on the strategic capital review (see A/70/7/Add.43, annex I) was based on maintenance costs over a time period of 50 years, whereas the present cost estimate considered such costs over 14 years, as summarized in table 2 below.

Table 2
Comparison of maintenance costs for the North Building
(United States dollars)

	Under the strategic capital review			
	Preventive approach[a]	*Reactive approach*[b]	*Under strategy 1*[c]	*Under strategy 2*[d]
Maintenance costs over 50 years	3 830 180[e]	6 272 238[e]	9 685 700	10 089 300
Maintenance costs over 14 years	1 072 456	1 756 230	2 712 000[f]	2 825 000[g]
Estimated average annual cost	76 604	125 445	193 714	201 786

[a] Assumes that assets will reach and extend beyond their useful life. In order to extend the warrantied useful life, it is anticipated that regular scheduled maintenance will be performed on the basis of required warranty compliance and best practices and that major components of assets are replaced prior to the catastrophic failure of the asset. The cost analysis assumes that the useful life of assets will be extended by 50 per cent.

[b] Assumes that all assets will be replaced at the end of their useful working life even if they are still in service and that regular maintenance will be performed on the basis of required warranty compliance and best practices.

[c] Programmed multiple intervention strategy.

[d] Complete building renovation strategy.

[e] See A/70/7/Add.43, annex III.

[f] See A/72/367, table 1.

[g] See A/72/367, table 2.

11. As indicated in table 2, a breakdown of the estimated maintenance costs for the preventive and reactive approaches over 14 years instead of 50 years would amount to $1.072 million and $1.756 million, respectively. In comparison, maintenance costs under the newly proposed strategy 1 would amount to $2.712 million and under strategy 2 would amount to $2.825 million for the same time period. The Committee notes that the proposed maintenance costs over 14 years under strategy 2, the approach recommended by the Secretary-General, would be only 4 per cent higher than those under strategy 1, but 163 per cent higher than the preventive approach and 60 per cent higher than the reactive approach.

12. Upon enquiry, the Advisory Committee was informed that a 50-year period had been calculated in connection with the strategic capital review, as there was a need to establish a consistent baseline across all global buildings in order to compare the methodologies with respect to the estimates under the strategic capital review. The Committee was further informed that the maintenance costs with respect to strategy 2 corresponded to projected regular building maintenance costs after the complete renovation and upgrading of the building to a net-zero sustainable energy building.

13. **The Advisory Committee notes the inconsistent approach and changing baselines, from 50 years to 14 years, for the calculation of maintenance costs. The Committee observes that, despite assurances of reduced long-term cost savings as a result of the construction of a sustainable net-zero building under strategy 2, estimated maintenance costs appear significantly higher than under the two "repair-only" approaches reflected under the strategic capital review (see A/70/7/Add.43, annex III). In the opinion of the Committee, no basis exists for reconciling or comparing the earlier cost estimates under the strategic capital review with the present estimates under strategies 1 and 2. The Committee requests the Secretary-General to provide to the General Assembly, at the time of its consideration of the present report, further clarification on the methodologies used, including a breakdown of the maintenance costs for the net-zero building under the complete building renovation strategy. In this connection, the Committee reiterates that the level of resources required for future capital investment and/or progressive maintenance requirements for the Organization's capital assets should be based on the application of a reliable, consistent and realistic valuation methodology, along with details concerning the applicability of comparable industry standards to all premises owned and/or operated by the United Nations (see A/70/7/Add.43, para. 30).**

Escalation and contingency estimates

14. As indicated in the report of the Secretary-General, escalation and contingency costs would account for about 21 per cent, or approximately $3.3 million, of the overall project cost, and have been estimated with a 5 per cent compounded rate for escalation and 10 per cent for the contingency provision. Upon enquiry, the Advisory Committee was informed that the escalation rate had been calculated using the average of two published rates, 6.2 per cent, which is the average construction cost escalation rate between May 2007 and May 2017, and 3.67 per cent, which is the average annual inflation rate between January 2007 and January 2017.[2] As indicated in the annex to the present report, which was provided to the Committee upon enquiry, escalation costs would amount to $2.190 million and contingency costs to $1.124 million under both options under strategy 2 for the time period from 2018 to 2023. **The Committee points out that, while a 5 per cent**

[2] The Advisory Committee was informed that those rates have been published by the Chilean Construction Chamber and by the Chilean Central Bank, respectively.

compounded escalation rate is estimated by the Secretary-General, the true average between the aforementioned published rates is somewhat lower, 4.935 per cent. The Committee trusts that this discrepancy will be taken into account in the context of the refinement of the cost estimates in the next progress report.

15. The Advisory Committee was furthermore informed that, on the basis of the size and complexity of the project, a 10 per cent contingency calculation had been used, as it was considered premature to apply a truly risk-based approach to establishing a recommended contingency level at this stage in the planning and design process. The Committee was also informed that a risk-based contingency level would be established once the project was under way, with regular fluctuations in the recommended level to be reported in the annual progress reports.

16. The Secretary-General notes that an independent risk-management framework would be included early in the project development process, which would include the development and use of a risk register and a risk-based approach to the establishment and management of the contingency provision. In this connection, an independent risk-management firm, reporting to the Office of Central Support Services at United Nations Headquarters, would provide an independent assessment of the course of the various project actions and assist in identifying and mitigating any risks (A/72/367, paras. 63–65).

17. **The Advisory Committee trusts that a refined and more accurate estimation of the project contingency level for each phase of the project will be established in the context of the independent risk-management framework once the design phase is completed in 2019 and a clearer picture of actual risks emerges. The Committee trusts that a status update thereon will be provided in future progress reports on the project.** The Committee provides further comments on the subject of contingency in its report on the strategic capital review (A/72/7/Add.9).

Seismic resilience and North Building repair works

18. The Secretary-General describes a number of safety concerns with respect to the North Building, including with respect to seismic code compliance, fire protection and egress (A/72/367, paras. 4–9 and 24). Upon enquiry, the Advisory Committee was informed that, following the 2010 earthquake, three phases of seismic improvements, repairs and maintenance, at a cost of approximately $7.8 million, were performed on all ECLAC buildings, with the exception of the North Building. Those works addressed issues pertaining to the immediate safety of staff, visitors and contractors; business continuity, including the use of office space in undamaged buildings and the construction of a temporary office facility (see also paras. 4–6 above); and, in the final phase, the undertaking of major structural repairs to the main building, as well as the construction of new cafeteria premises. Upon enquiry, the Committee was informed that no structural improvements had been undertaken in the North Building. The recent upgrades, costing $770,158, pertained to such improvements as a new fire-suppression system and remedial work, such as the limited replacement of partitions, lighting and ceilings in the oldest sector of the building, and were not aimed at extending the building's useful life. Upon enquiry, the Committee was provided with a breakdown of the recent work done on the building (see table 3).

Table 3
Breakdown of recent North Building repair works
(United States dollars)

	Appropriation					
	2008-2009	*2010-2011*	*2012-2013*	*2014-2015*	*2016-2017*	*Total, 2008-2017*
Interior finishes	–	12 424	135 000	–	–	147 424
Floor finishes	–	–	135 000	–	–	135 000
Ceiling finishes	–	12 424	–	–	–	12 424
HVAC	–	–	–	146 851	–	146 851
Cooling systems	–	–	–	146 851	–	146 851
Electrical work	295 386	78 807	101 651	–	–	475 883
Service and distribution	–	2 478	27 958	–	–	30 436
Communications and security systems	295 386	76 329	73 723	–	–	445 447
Total	**295 386**	**91 231**	**236 651**	**146 851**	–	**770 158**

19. The Advisory Committee enquired as to the cost of replacing the ceiling in the North Building and was informed that eight months would be required, at an estimated cost of $928,747. That amount would include the accommodation of 53 staff in temporary modules, the demolition of the ceiling system, the replacement of existing wiring, the installation of the fire-suppressant system and a new lighting system, ceiling structure and tiles and the reinstallation of the public address system. Upon enquiry, the Committee was provided with a breakdown of the related costs (see table 4) below.

Table 4
Cost of North Building ceiling replacement and associated works
(United States dollars)

Electrical work (including replacement of wiring and lighting system)	333 350
Fire-suppressant system, security and safety systems (cameras/public address system) and roof insulation	185 500
Swing space (Printing Building: ongoing upgrading project)	258 255
Ceiling (demolition and installation)	151 642
Total	**928 747**

20. The Advisory Committee was further informed, upon enquiry, that the replacement of the ceiling would bring the North Building up to the current seismic codes. However, the building would still be a class C building and not in compliance with local fire codes, as the structure is not fireproof and emergency egresses and routes, as well as distances to exit doors and the widths of the corridors, are not code compliant.

21. With respect to the three-level underground vehicle garage, built under the North Building in 2004, the Advisory Committee was informed, upon enquiry, that this project had been designed and built in accordance with relevant codes pertaining to metal structures, reinforced concrete elements and the seismic codes of the host country, and had also been appropriately fireproofed. The Committee was

furthermore informed that the underground vehicle garage had not been included in the present renovation proposal.

Useful life of the North Building

22. Upon enquiry, the Advisory Committee was informed that the International Public Sector Accounting Standards defined the useful life of a building as follows: a class A building has a useful life of 50 years, a class B building 40 years and a class C building 25 years. The Committee was further informed that a renovation under strategy 2, the complete building renovation strategy, would result in optimal operating conditions of the North Building for 40 to 50 years, meaning that the building would be in the class A or B category, with the final classification to be determined upon the finalization of the design phase. The use of quality materials and passive, fire-rated insulation in the building envelope and interior retrofitting, as well as a functional design for a healthy and safe working environment, would make this building a permanent structure with a fully extended useful lifespan. **The Committee trusts that work during the three early phases, namely, the pre-planning, planning and design phases, will result in a structural design proposal for a class A North Building and ensure compliance with all relevant regulations, including provisions for persons with disabilities concerning accessibility and technology.**

Swing space

23. On-site swing space is proposed under strategy 2, option 1, and off-site swing space under strategy 2, option 2. Upon enquiry, the Advisory Committee was informed that ECLAC was in the process of conducting a space utilization analysis. Also, the tender process for the remodelling of the Printing Building, which is adjacent to the North Building and would be used as one of the three on-site swing spaces for 100 staff, has been finalized. As also noted in paragraph 4 (b) above, under option 1, the remaining 66 staff would be accommodated in an on-site temporary building to be constructed and dismantled at a cost of $90,800.

24. The Secretary-General indicates that a host country agreement was signed in February 1948, providing for privileges and immunities, including exemptions for local taxes and import duties, for entitled staff and for official purposes, including construction materials, equipment and infrastructure materials, and that those benefits would be extended to any construction project. Also, the land for the construction and expansion of the ECLAC compound was donated by the Government of Chile in 1960 and 1997, respectively. **The Advisory Committee expresses its gratitude to the host country for its continued support of ECLAC in all respects. The Committee trusts that the Secretary-General will take steps towards engaging with the host country, as has been the practice with respect to other United Nations construction projects, and seek assistance and support for the project, with respect to the possible provision of swing space and/or other related support, as appropriate, in connection with the renovation of the North Building (see also A/70/7/Add.43, para. 11).**

Flexible workplace strategies

25. The report of the Secretary-General indicates that the project management team (see also para. 30 (c) below) would, inter alia, include architectural and interior consultancy services for office space design and space planning related to the implementation of flexible workplace strategies (A/72/367, para. 62). In this connection, the Advisory Committee recalls the Secretary-General's intention to incorporate flexible workplace strategies at ECLAC (A/70/697, para. 68). Upon enquiry, the Committee was informed that, in line with the implementation of

flexible workplace strategies, the above-noted space utilization analysis focuses on a needs-based approach tailored to differentiated types of work. The Committee was informed, upon enquiry, that a further increase in space efficiency was expected with the implementation of flexible workplace strategies, such as those in place in New York and Geneva, where the target desk-to-staff ratio is 1:1.25, a 25 per cent improvement in space utilization.

26. **The Advisory Committee expects that information on established targets and efficiencies to be expected from the implementation of flexible workplace strategies, including in the context of the renovation of the North Building, will be included in the next progress report. Furthermore, the Committee considers that the Secretary-General should provide a clear timeline for the implementation of flexible workplace strategies at ECLAC. In addition, the Committee expects that flexible workplace strategies will be an integral part of the pre-planning, planning and design phases, and therefore factored into the structural design proposal and specialty contract specifications during the tender phase in 2020 (see also A/72/7/Add.6, paras. 8 and 9, and table 1 above).**

27. On a related matter, the Secretary-General notes in paragraph 20 of his report that efficiency in office space utilization could potentially lead to an increase in the Commission's rentable area, resulting in additional rental income. Upon enquiry, the Advisory Committee was informed that ECLAC anticipates that agencies, funds and programmes will be interested in having their staff working on ECLAC premises and that the office of UN-Habitat in Rio de Janeiro, Brazil, was currently exploring that alternative. The Committee was further informed that 2 ECLAC workstations (desks and computers) had been rented to the secretariat of the United Nations Convention to Combat Desertification for use by two of its staff members; it is anticipated that at least 10 new workstations would be available for rental following the renovation of the North Building.

Energy efficiency

28. The Secretary-General indicates that under strategy 1, the multiple intervention strategy, energy needs for the North Building would amount to $1,584,000 until the end of the building's useful life in 2038. Under strategy 2, the complete building renovation, the North Building would become a sustainable building targeting a net-zero classification, whereby the total amount of energy used by the building on an annual basis would be equal to or less than the amount of renewable energy created on the site. Under strategy 2, energy costs in the amount of $30,000 would be incurred from 2018 to 2020, with no such costs to be incurred until the end of the building's useful life in 2038 (A/72/367, paras. 27 and tables 1 and 2). Upon enquiry, the Advisory Committee was informed that energy would be produced for the North Building only, not for the overall compound; however, any excess energy could be returned to the local grid at no cost and be discounted from the energy bill. Also, only the North Building would be able to produce and share excess energy, provided that photovoltaic plants, at an estimated cost of $800,000, were installed on the roofs of the other ECLAC buildings.

29. **The Advisory Committee recommends the implementation of strategy 2, option 1, namely, the complete building renovation strategy, which is the preferred strategy of the Secretary-General. However, the Committee is of the opinion that there is a need to further refine the costs of the project, in particular the project contingency level and related cost escalation, which will be established only in the context of the independent risk-management framework.**

V. Project management and related resource requirements

30. Details with respect to project governance and the project team structure are described the report of the Secretary-General (A/72/367, paras. 51–65 and annex I), and are summarized below:

(a) The project owner would be the Executive Secretary of ECLAC, with the Director of the Division of Administration designated as Project Executive;

(b) A stakeholders committee, led by the Executive Secretary, would provide advice and guidance on operational aspects but not be able to make changes affecting the project scope, schedule or cost;

(c) The project team would comprise: one Project Manager (National Officer); one Architect (Local level) for the initial part of the project when design and major structural works would take place; and one Administrative Assistant (Local level) for the duration of the project. The Secretary-General proposes the establishment of those three positions under section 21, Economic and social development in Latin America and the Caribbean, for the biennium 2018–2019;

(d) Consultancy services for architectural, engineering and construction management would be required for the production of the detailed design and technical documentation, including with respect to flexible workplace strategies, for tender and oversight of the construction works;

(e) An independent risk-management firm would report directly to the Office of Central Support Services at Headquarters and provide an independent assessment of the course of the various project actions, provide expertise to the project and assist in identifying and mitigating any risks that may affect the successful delivery of the project. Overall project oversight would be under the purview of the Office of Central Support Services, which would provide ECLAC with technical guidance and advice on the project, ensuring that the project complies with overall organizational objectives and sharing lessons learned from other capital projects and, in general, taking on a leading role with respect to independent risk-management services (ibid., paras. 56–59).

31. **The Advisory Committee stresses the continued importance of close coordination between ECLAC and the Secretariat in New York, in particular the Office of Central Support Services, to ensure proper oversight and governance of the project. The Committee stresses furthermore the importance of making effective use of lessons learned from other capital projects, including the seismic mitigation project of the Economic and Social Commission for Asia and the Pacific in Bangkok and the Africa Hall renovation at the Economic Commission for Africa in Addis Ababa, including, for example with respect to the use of locally sourced and manufactured materials. In addition, the Committee stresses that there is a need to adhere to project timelines and cost estimates. The Committee intends to follow up on those matters in the context of future progress reports.**

32. The Secretary-General proposes the establishment of a multi-year construction-in-progress account (ibid., para. 70 (d)). Upon enquiry, the Advisory Committee was informed that this type of account recorded the expenditures of major construction projects approved by the General Assembly as part of the programme budget, with funding not to expire at the end of a biennium. At the completion of the project, expenditures are to be reported, with unused amounts reported and returned to Member States. Multi-year construction-in-progress accounts are also used in connection with projects in Geneva, Bangkok and Addis Ababa. **The Committee considers that, at this early stage of the project and in**

view of the uncertainties with respect to contingencies and cost escalation, there is no need for the establishment of a multi-year construction-in-progress account at this time. The Committee recommends that the Secretary-General include a proposal in this respect in his next progress report, if appropriate.

VI. Conclusion

33. The recommendations of the Secretary-General on proposed actions to be taken by the General Assembly are set out in paragraph 70 of his report. **Subject to its recommendations and observations above, the Advisory Committee recommends that the General Assembly:**

(a) **Approve the proposed scope of the project and take note of the proposed maximum estimated cost of the project in the amount of $14.118 million for the implementation of strategy 2, option 1, of the project, and request the Secretary-General to refine the estimated cost of the project, to be presented in the next progress report;**

(b) **Approve the establishment of three positions (1 National Officer and 2 Local level staff), effective 1 January 2018, related to the dedicated project management team and project support staff, under section 21, Economic and social development in Latin America and the Caribbean, of the proposed programme budget for the biennium 2018–2019;**

(c) **Appropriate an amount of $192,000 for the project in 2018, comprising $112,000 under section 21, Economic and social development in Latin America and the Caribbean, and $80,000 under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2018–2019, which would represent a charge against the contingency fund;**

(d) **Defer consideration of the proposal to establish a multi-year construction-in-progress account until the Secretary-General presents a refined proposal in his next progress report.**

Annex

Cost estimates for strategy 2

Option 1: on-site temporary building

(Millions of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*	*2023*	*Total*
Trade costs							
Construction	–	–	–	4.266	4.266	–	8.532
Swing space	–	–	–	0.045	0.045	–	0.091
Subtrade costs							
Consultancy	–	0.250	0.050	0.100	0.100	0.050	0.550
Escalation	–	0.026	0.008	0.938	1.202	0.017	2.190
Project management	0.112	0.225	0.290	0.290	0.290	0.225	1.431
Risk management	0.080	0.030	0.030	0.030	0.030	–	0.200
Subtotal	**0.192**	**0.530**	**0.378**	**5.669**	**5.933**	**0.292**	**12.994**
Contingencies	–	0.027	0.006	0.529	0.555	0.007	1.124
Total	**0.192**	**0.558**	**0.383**	**6.198**	**6.488**	**0.298**	**14.118**

Option 2: off-site office rental

(Millions of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*	*2023*	*Total*
Trade costs							
Construction	–	–	–	4.266	4.266	–	8.532
Swing space	–	0.211	0.092	0.092	–	–	0.395
Subtrade costs							
Consultancy	–	0.250	0.050	0.100	0.100	0.050	0.550
Escalation	–	0.026	0.008	0.938	1.202	0.017	2.190
Project management	0.112	0.225	0.290	0.290	0.290	0.225	1.431
Risk management	0.080	0.030	0.030	0.030	0.030	–	0.200
Subtotal	**0.192**	**0.741**	**0.470**	**5.715**	**5.888**	**0.292**	**13.298**
Contingencies	–	0.027	0.006	0.529	0.555	0.007	1.124
Total	**0.192**	**0.768**	**0.476**	**6.244**	**6.443**	**0.299**	**14.422**